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# MARKETING and TRANSPORTATION SITUATION



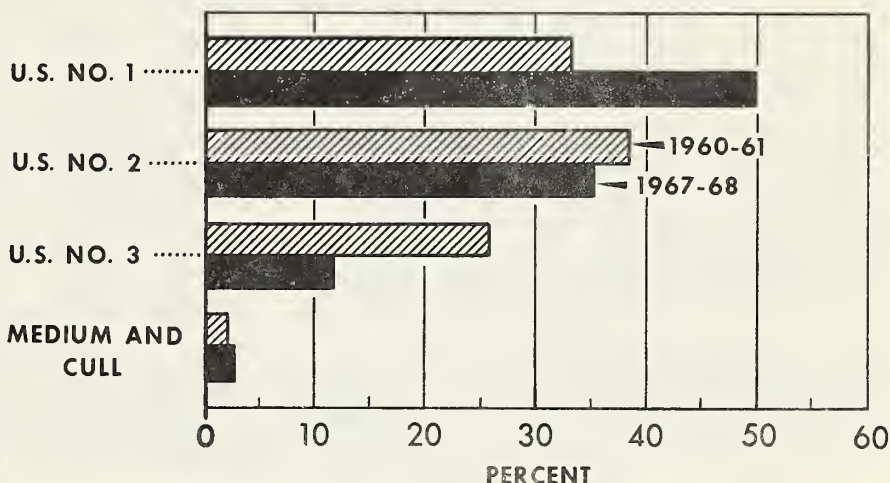
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MAY 1969

Farmers marketed a much higher percentage of top-grade hogs in 1967-68 than in 1960-61, based on a recent nationwide survey. In 1967-68, half of the barrows and gilts graded U.S. No. 1--the leanest category with ample meatiness and lean quality--up from a third in 1960-61. The percentage of U.S. No. 3 hogs--the fattest in relation to length--decreased from 26 percent to 12 percent. The marked increase in the proportion of top-grade hogs represents significant progress in tailoring the leanness of hogs to consumer preference for leaner pork. (See article.)

## GRADE DISTRIBUTION OF HOGS MARKETED

1960-61 Compared With 1967-68



BASED ON 1955 U.S. STANDARDS. GRADE STANDARDS WERE REVISED IN 1968.

U.S. DEPARTMENT OF AGRICULTURE

NEG. ERS 6527-69 (5) ECONOMIC RESEARCH SERVICE

### IN THIS ISSUE

Improvements in Grades of Hogs Marketed

Truck Rates for Shipping Cotton in  
Southeastern United States, Arizona  
and California

Prices and Price Spreads for Fresh Fruits

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## STATISTICAL SUMMARY OF MARKET INFORMATION

Item	Unit or base period	1968					1969
		Year	Jan.-Mar.	July-Sept.	Oct.-Dec.	Jan.-Mar.	
<u>Farm-to-retail price spreads</u>							
Farm-food market basket: 1/							
Retail cost .....	Dol.	1,118	1,101	1,128	1,128	1,138	
Farm value .....	Dol.	435	425	444	433	453	
Farm-retail spread .....	Dol.	683	676	684	695	685	
Farmer's share of retail cost .....	Pct.	39	39	39	38	40	
<u>General economic indicators</u>							
Consumers' per capita income and expenditures: 2/							
Disposable personal income .....	Dol.	2,928	2,866	2,942	2,982	3,006	
Expenditures for goods and services ..	Dol.	2,654	2,591	2,686	2,707	2,758	
Expenditures for food .....	Dol.	503	492	507	511	521	
Expenditures for food as percentage of disposable income .....	Pct.	17.2	17.2	17.2	17.1	17.3	
		1968		1969			
		Year	Mar.	Jan.	Feb.	Mar.	
Hourly earnings of employees, private nonagricultural sector 3/ .....	Dol.	2.85	2.79	2.95	2.97	2.98	
Hourly earnings of food marketing employees 4/ .....	Dol.	2.67	2.65	2.77	2.80	2.80	
Retail sales: 5/							
Food stores .....	Mil. dol.	6,106	6,026	6,315	6,366	6,317	
Apparel stores .....	Mil. dol.	1,605	1,649	1,640	1,720	1,623	
Manufacturers' inventories: 5/							
Food and kindred products .....	Mil. dol.	7,370	7,110	7,264	7,264	7,228	
Textile mill products .....	Mil. dol.	3,539	3,389	3,507	3,522	3,577	
Tobacco products .....	Mil. dol.	2,261	2,248	2,219	2,212	2,177	
Indexes of industrial production: 6/							
Food manufactures .....	1957-59=100	132.7	131.4	136.5	137.5	137.5	
Textile mill products .....	1957-59=100	151.3	149.9	151.8	151.0	148.5	
Apparel products .....	1957-59=100	149.9	148.5	148.8	145.9	146.7	
Tobacco products .....	1957-59=100	120.9	122.9	119.5	119.3	119.8	
Index of physical volume of farm marketings .....	1957-59=100	126	94	127	98	100	
<u>Price indexes</u>							
Consumer price index 7/ .....	1957-59=100	121.2	119.5	124.1	124.6	125.6	
Wholesale prices of food 8/ .....	1957-59=100	112.2	111.0	115.5	115.0	115.7	
Wholesale prices of cotton products 7/ ..	1957-59=100	105.1	105.0	104.8	104.8	104.6	
Wholesale prices of woolen products 7/ ..	1957-59=100	103.7	103.1	104.7	104.4	104.2	
Prices received by farmers .....	1957-59=100	108	107	109	110	112	
Prices paid by farmers, interest, taxes and wage rates .....	1957-59=100	121	120	124	125	126	

1/ Contains average quantities of farm-originated foods purchased annually per household in 1960-61 by wage-earner and clerical-worker families and single workers living alone. Estimates of the farmer's share do not allow for direct Federal payments to producers, except for the value of wheat marketing certificates. 2/ Seasonally adjusted annual rates, calculated from Dept. of Commerce data. Percentages have been calculated from total income and expenditure data. 3/ Average hourly earnings of production workers in mining and manufacturing; construction workers in contract construction; nonsupervisory workers in wholesale and retail trade, finance, insurance, real estate, transportation, public utilities and services, Dept. of Labor. 4/ Weighted composite earnings in food processing, wholesale trade, retail food stores, calculated from data of Dept. of Labor. 5/ Seasonally adjusted, Dept. of Commerce. Sales data for 1968 are averages of monthly totals (unadjusted). Inventory data for 1968 are book values at end of year (adjusted). 6/ Seasonally adjusted, Board of Governors of Federal Reserve System. 7/ Dept. of Labor. 8/ Fresh and dry fruits and vegetables, eggs, and processed foods; Dept. of Labor.



# MARKETING AND TRANSPORTATION SITUATION

Approved by the Outlook and Situation Board, May 12, 1969

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## SUMMARY\*

The retail cost of a market basket of farm-originated foods in the first quarter of 1969 was up 0.8 percent from the previous quarter and 3.4 percent above a year earlier. The retail cost has risen nearly every month since November 1967.

Returns to farmers (farm value) from market-basket foods rose 4.6 percent from the final quarter of 1968 to the first quarter this year. Increased prices for meat animals, frying chickens, and some fresh vegetables accounted for a substantial part of the rise.

Compared with the first quarter of 1968, returns to farmers were up 6.5 percent. Animal products accounted for all of the increase, since returns for crop products were down.

Marketing spreads decreased from the final quarter of 1968 to the first quarter of 1969 because returns to farmers from

market-basket foods increased more than retail prices. Farm-retail spreads--difference between retail cost and farm value--averaged 1.5 percent smaller in the first quarter this year than in the previous quarter, but 1.4 percent wider than in the first quarter of 1968.

Farmers received an average of 40 cents of the dollar consumers spent for farm foods in the first quarter of 1969. This was 2 cents more than in the previous quarter, and 1 cent more than in the first quarter of 1968.

Adequate supplies of food products are anticipated the remainder of the year. However, retail prices of these foods may increase slightly from the first quarter level because of strong consumer demand. Marketing spreads are likely to increase.

\*The summary of this report and a summary table were released to the press on May 12, 1969.

## FARM-FOOD MARKET BASKET STATISTICS

Retail Cost: The retail cost of food in the first quarter of 1969 resumed the rise which began in late 1967, after leveling off in the fourth quarter of 1968. Consumers paid an average of \$1,138 (annual rate) for the market basket of farm foods in the first quarter this year--up 0.8 percent from the previous quarter and 3.4 percent above a year earlier (table 1). <sup>1/</sup> Record levels have been established in each of the last 4 quarters.

Compared with the fourth quarter of 1968, retail costs in the first quarter this year were up for all product groups except fresh fruits which declined because of lower citrus prices. Animal products (meats, dairy, and poultry and eggs) accounted for about three-fourths of the net increase in the retail cost of the market basket. The total retail cost for market-basket foods varied within the first quarter--up in January down slightly in February, and up sharply in March (table 2)

Farm Value: The farm value of foods in the market basket was \$453 (annual rate) in the first quarter of 1969--4.6 percent higher than in the preceding quarter. Although farm values for all product groups increased, sharply higher prices for beef cattle, hogs, frying chickens, eggs, and some fresh vegetables--particularly potatoes--accounted for much of the rise (table 1).

Returns to farmers for market-basket foods in the first quarter of 1969 were up 6.5 percent from the first quarter of 1968. Higher prices received by farmers for animal products accounted for the increase.

In contrast, lower prices for crop products--particularly wheat, some fresh fruits and vegetables, and soybeans--offset part of the rise (table 10, p. 24).

Farm-Retail Spread: The marketing system absorbed part of the first-quarter rise in returns to farmers for market-basket foods. As a result, the retail cost of these foods rose less than the farm value increased. Spreads in the first quarter were 1.5 percent smaller than in the fourth quarter last year, but 1.4 percent wider than a year earlier.

Meat products contributed most to the decrease in the spread from the fourth to the first quarter. As often happens when farm prices for meat animals rise rapidly, increases in retail prices of meat lagged increases at the farm level, and marketing spreads decreased.

Farmer's Share: The farmer's share of the retail cost increased from the fourth quarter last year to the first quarter this year, because the farm value of market-basket foods rose faster than the retail cost. Farmers received an average of 40 cents of each dollar consumers spent for market-basket foods in the first quarter this year--2 cents more than in the previous quarter, and 1 cent more than in the first quarter of 1968.

Outlook: Consumer demand is expected to continue strong during the remainder of the year. Supplies of farm food products are expected to be adequate. Retail prices of market-basket foods may increase slightly above the first quarter level and average around 2 percent higher

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<sup>1/</sup> The market basket contains the average quantities of domestic, farm-originated food products purchased annually per household in 1960 and 1961 by wage-earner and clerical-worker families and single workers living alone. Its retail cost is calculated from retail prices published by the Bureau of Labor Statistics. The retail cost of the market basket foods is less than the cost of all foods bought per household, since it does not include costs of meals in eating places, imported foods, seafoods or other foods not of farm origin. The farm value is the return to farmers for the farm products equivalent to foods in the market basket. The farm-retail spread is the difference between the retail cost and farm value. It is an estimate of total gross margin received by marketing firms for assembling, processing, transporting, and distributing the products in the market basket.

Table 1.--The market basket of farm foods: Retail cost, farm value, and farm-retail spread, January-March 1969, October-December 1968, and January-March 1968

Item	January-March 1969	October-December 1968	January-March 1968	Change: January-March 1969 from:			
				October-December 1968		January-March 1968	
	Dol.	Dol.	Dol.	Dol.	Pct.	Dol.	Pct.
Retail cost <u>1/</u>							
Market basket .....	1,138.08	1,128.49	1,100.81	9.59	0.8	37.27	3.4
Meat products .....	332.18	327.97	320.43	4.21	1.3	11.75	3.7
Dairy products .....	205.54	204.98	198.72	.56	.3	6.82	3.4
Poultry .....	48.19	47.50	47.05	.69	1.5	1.14	2.4
Eggs .....	45.87	44.08	34.75	1.79	4.1	11.12	32.0
Bakery and cereal products .....	171.14	170.76	168.81	.38	.2	2.33	1.4
Fresh fruits .....	48.62	51.16	49.24	-2.54	-5.0	-.62	-1.3
Fresh vegetables .....	74.56	70.99	73.47	3.57	5.0	1.09	1.5
Processed fruits and vegetables .....	123.93	123.64	121.41	.29	.2	2.52	2.1
Fats and oils .....	37.75	37.70	38.14	.05	.1	-.39	-1.0
Miscellaneous products .....	50.30	49.71	48.79	.59	1.2	1.51	3.1
Farm value <u>2/</u>							
Market basket .....	452.92	432.90	425.08	20.02	4.6	27.84	6.5
Meat products .....	179.65	168.59	166.13	11.06	6.6	13.52	8.1
Dairy products .....	98.78	98.17	94.66	.61	.6	4.12	4.4
Poultry .....	24.59	22.28	23.52	2.31	10.4	1.07	4.5
Eggs .....	29.95	28.22	19.85	1.73	6.1	10.10	50.9
Bakery and cereal products .....	33.11	32.36	34.09	.75	2.3	-.98	-2.9
Fresh fruits .....	16.57	16.26	17.59	.31	1.9	-1.02	-5.8
Fresh vegetables .....	24.37	23.25	25.24	1.12	4.8	-.87	-3.4
Processed fruits and vegetables .....	26.02	24.91	23.86	1.11	4.5	2.16	9.1
Fats and oils .....	10.31	9.40	10.66	.91	9.7	-.35	-3.3
Miscellaneous products .....	9.57	9.46	9.48	.11	1.2	.09	.9
Farm-retail spread							
Market basket .....	685.16	695.59	675.73	-10.43	-1.5	9.43	1.4
Meat products .....	152.53	159.38	154.30	-6.85	-4.3	-1.77	-1.1
Dairy products .....	106.76	106.81	104.06	-.05	3/	2.70	2.6
Poultry .....	23.60	25.22	23.53	-1.62	-6.4	.07	.3
Eggs .....	15.92	15.86	14.90	.06	.4	1.02	6.8
Bakery and cereal products .....	138.03	138.40	134.72	-.37	-.3	3.31	2.5
Fresh fruits .....	32.05	34.90	31.65	-2.85	-8.2	.40	1.3
Fresh vegetables .....	50.19	47.74	48.23	2.45	5.1	1.96	4.1
Processed fruits and vegetables .....	97.91	98.73	97.55	-.82	-.8	.36	.4
Fats and oils .....	27.44	28.30	27.48	-.86	-3.0	-.04	-.1
Miscellaneous products .....	40.73	40.25	39.31	.48	1.2	1.42	3.6

1/ Retail cost of average quantities purchased annually per household in 1960-61 by urban wage-earner and clerical-worker families and single workers living alone, calculated from retail prices collected by the Bureau of Labor Statistics.

2/ Payment to farmer for equivalent quantities of farm products minus imputed value of byproducts obtained in processing.

3/ Less than 0.05 percent.



Table 2.--The market basket of farm foods: Retail cost, farm value, farm-retail spread, and farmer's share of retail cost, averages 1947-49 and 1957-59, annual 1958-68, monthly 1968-69 1/

Year and month	Retail cost	Farm value	Farm-retail spread	Farmer's share
	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>	<u>Percent</u>
Average:				
1947-49 .....	890	441	449	50
1957-59 .....	983	388	595	39
1958 .....	1,009	407	602	40
1959 .....	985	377	608	38
1960 .....	991	383	608	39
1961 .....	997	380	617	38
1962 .....	1,006	384	622	38
1963 .....	1,013	374	639	37
1964 .....	1,014	374	640	37
1965 .....	1,038	408	630	39
1966 .....	1,095	443	652	40
1967 .....	1,080	414	666	38
1968 <u>2/</u> .....	1,118	435	683	39
<u>1968 2/ 3/</u>				
January .....	1,098	418	680	38
February .....	1,100	425	675	39
March .....	1,104	432	672	39
April .....	1,110	439	671	40
May .....	1,114	436	678	39
June .....	1,117	435	682	39
July .....	1,124	450	674	40
August .....	1,132	439	693	39
September ....	1,128	443	685	39
October .....	1,131	433	698	38
November .....	1,125	429	696	38
December .....	1,129	436	693	39
<u>1969 2/ 3/</u>				
January .....	1,138	446	692	39
February .....	1,136	452	684	40
March .....	1,141	460	681	40

1/ Retail cost of average quantities purchased annually per household in 1960-61 by urban wage-earner and clerical-worker families and single workers living alone, calculated from retail prices collected by the Bureau of Labor Statistics. Data for earlier years are published in Farm-Retail Spreads for Food Products 1947-64, ERS-226, April 1965.

2/ Preliminary.

3/ Annual rates.



in 1969 than in 1968. This compares with a rise of about 3.5 percent last year. Marketing spreads will probably widen later in the year and average 2 to 3 percent wider than last year.

### Commodity Highlights

#### Beef: Prices Up, Spreads Decrease:

In response to strong consumer demand, retail prices for beef continued to climb in the first quarter this year from the final quarter of 1968. The farm value of Choice beef rose 6 percent, but this rise was only partially reflected in the retail price, and the farm-retail spread declined (table 3). Most of the decrease occurred in the farm-wholesale spread, indicating a probable decline in meatpackers' margins. Wholesale-retail spreads also declined slightly. Spreads frequently decrease during the early part of a period of rapidly rising farm prices because of a lag in retail price response.

Pork: Supply and Farm Prices Up, Spreads Decrease: Despite increased hog slaughter in the first quarter of 1969 from the previous quarter, farm prices for hogs rose sharply. However, scarcely any of this price increase was reflected at retail, and there were resultant decreases in the farm-wholesale and wholesale-retail spreads (table 3).

Frying Chickens: Production and Prices Up: Although broiler production was higher in the first quarter of 1969 than in the previous quarter, prices at both farm and retail levels rose. The farm value of frying chickens averaged 20.4 cents--up 13 percent from the previous quarter and the retail price per pound averaged 40.1 cents--up only 2 percent. Thus, because farm prices increased more than retail prices, the farm-retail spread decreased about 8 percent to 19.7 cents.

Compared with the first quarter of 1968, prices for frying chickens at both farm and retail were higher in the first quarter this year, despite a 6 percent increase in output of broiler meat and an increase in production of competing red meat. The farm-retail spread was about the same in both quarters.

Eggs: Prices Up and Spreads Widened in First Quarter of 1969: With egg production below year-earlier levels during the last half of 1968 and the first quarter of 1969, prices at both farm and retail have risen sharply. Prices at both levels rose in each of the past 3 quarters. Farm-retail spreads also widened but much less dramatically than prices during this period. Retail prices for eggs averaged 63.6 cents per dozen in the first quarter of this year--up 32 percent from a year earlier; farm value averaged 41.5 cents--up 51 percent; and the farm-retail spread averaged 22.1 cents--an increase of 7 percent.

Orange Juice Concentrate: The re-retail price for a 6-ounce can of frozen orange concentrate averaged 24.3 cents in March of this year--up 5 percent from February and 20 percent above March 1968. Despite a large orange crop, prices were boosted by lower yields of juice per box, small carryin stocks, and strong consumer demand. The lower yield of juice offset much of the increase in the 1968/69 crop. Because more oranges were required per can of concentrate, the farm value of frozen concentrate averaged higher even though the price received by farmers per box of fruit averaged about the same as last year. The farm value averaged 10.6 cents in March of this year compared with 7.9 cents in March 1968. The spread widened by 1.4 cents to 13.7 cents.

## **NET INCOME OF LEADING CORPORATIONS MARKETING FARM PRODUCTS**

Corporations marketing farm products include food manufacturers, retail food stores, and nonfood industries such as brewing, tobacco, and textile industries.

Net income (profits after taxes) of 149 food manufacturing corporations was 2.4 percent higher in 1968 than in 1967,

according to data compiled by the First National City Bank of New York (table 4). The increase was due mostly to a strong rise in sales volume rather than an improvement in profit margins. By comparison, the net income of 2,250 leading manufacturers, representing all industries, increased 11.4 percent. Most of this increase was also from increased sales volume.

Table 3.--Beef, pork, and lamb: Retail price, wholesale value, farm value, farm-retail spread, and farmer's share of retail price, annual 1966-68, quarterly 1968-69

Date	Retail price	Wholesale	Gross	Byproduct	Net	Farm-retail spread				Farmer's share
	per pound	value	farm	allowance	farm	Total	Wholesale-	Farm-	Farmer's	
	1/	2/	value	4/	value		retail	wholesale		
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Percent	
Beef, Choice grade										
1966 .....	84.3	58.9	55.5	5.9	49.6	34.7	25.4	9.3	59	
1967 .....	84.1	59.7	54.3	5.0	49.3	34.8	24.4	10.4	59	
1968 6/.....	87.3	63.0	57.5	5.0	52.5	34.8	24.3	10.5	60	
1968										
Jan.-Mar. ...	86.4	62.0	56.3	4.8	51.5	34.9	24.4	10.5	60	
Apr.-June ...	86.6	62.9	57.8	5.3	52.5	34.1	23.7	10.4	61	
July-Sept. ...	87.9	64.1	58.6	5.1	53.5	34.4	23.8	10.6	61	
Oct.-Dec. ...	88.3	63.0	57.4	5.1	52.3	36.0	25.3	10.7	59	
1969										
Jan.-Mar. ...	90.0	65.0	60.4	5.1	55.3	34.7	25.0	9.7	61	
Apr.-June ...										
July-Sept. ...										
Oct.-Dec. ...										
Pork										
1966 .....	73.4	54.8	47.6	6.4	41.2	32.2	18.6	13.6	56	
1967 .....	67.0	48.1	39.0	4.7	34.3	32.7	18.9	13.8	51	
1968 6/.....	67.0	48.4	38.4	4.3	34.1	32.9	18.6	14.3	51	
1968										
Jan.-Mar. ...	66.1	47.0	36.7	4.3	32.4	33.7	19.1	14.6	49	
Apr.-June ...	66.4	48.3	38.1	4.3	33.8	32.6	18.1	14.5	51	
July-Sept. ...	68.0	50.6	42.0	4.3	37.7	30.3	17.4	12.9	55	
Oct.-Dec. ...	67.5	47.8	36.6	4.0	32.6	34.9	19.7	15.2	48	
1969										
Jan.-Mar. ...	67.7	49.5	39.1	4.4	34.7	33.0	18.2	14.8	51	
Apr.-June ...										
July-Sept. ...										
Oct.-Dec. ...										
Lamb, Choice grade										
1966 .....	85.6	59.8	55.5	8.4	47.1	38.5	25.8	12.7	55	
1967 .....	87.3	60.7	52.2	5.7	46.5	40.8	26.6	14.2	53	
1968 6/.....	93.6	65.9	57.5	6.1	51.4	42.2	27.7	14.5	55	
1968										
Jan.-Mar. ...	91.2	62.4	54.9	6.3	48.6	42.6	28.8	13.8	53	
Apr.-June ...	93.7	69.1	59.7	6.2	53.5	40.2	24.6	15.6	57	
July-Sept. ...	94.6	65.4	57.7	6.3	51.4	43.2	29.2	14.0	54	
Oct.-Dec. ...	95.0	66.7	57.8	5.9	51.9	43.1	28.3	14.8	55	
1969										
Jan.-Mar. ...	96.7	69.2	61.8	7.9	53.9	42.8	27.5	15.3	56	
Apr.-June ...										
July-Sept. ...										
Oct.-Dec. ...										

1/ Estimated weighted average price of retail cuts. 2/ Wholesale value of quantity of carcass equivalent to 1 lb. of retail cuts: Beef, 1.35 lb.; pork, 1.00 lb.; lamb, 1.14 lb. 3/ Payment to farmer for quantity of live animal equivalent to 1 lb. of retail cuts: Beef, 2.25 lb.; pork 2.00 lb.; lamb, quantity varies by months from 2.33 lb. in April to 2.38 lb. in October. 4/ Portion of gross farm value attributed to edible and inedible byproduct. 5/ Gross farm value minus byproduct allowance. 6/ Revised.

Table 4.--Net income of leading corporations marketing agricultural products, 1968 and 1967

Industrial groups	:Number : : of : :corpor- : :ations :	Reported net income after taxes					
		Total		: As percentage : : of net worth 1/ :		: As percentage : of sales 2/ :	
		1968	1967	1968	1967	1968	1967
		1,000	1,000				
		dol.	dol.	Pct.	Pct.	Pct.	Pct.
Manufacturing:							
Food							
Baking .....	14	78,706	84,516	13.7	15.7	3.2	3.7
Dairy products .....	12	227,508	225,421	11.4	11.8	3.0	3.2
Meatpacking .....	34	105,121	109,838	8.2	9.2	1.0	1.0
Sugar .....	13	45,971	50,921	8.7	10.2	3.0	3.6
Other food products ...	76	651,994	612,433	12.5	12.3	4.1	4.0
Total	149	1,109,300	1,083,129	---	---	---	---
Nonfood							
Brewing .....	15	111,820	91,553	13.9	12.2	5.0	4.5
Distilling .....	11	180,933	186,509	9.5	10.5	4.3	4.7
Tobacco products .....	10	332,847	325,025	14.3	14.8	5.4	5.8
Textile products .....	65	304,147	265,797	9.6	8.8	3.7	3.6
Clothing and apparel ...	85	215,685	172,876	15.3	13.6	3.9	3.7
All manufacturing .....	2,250	26,066,577	23,394,447	13.1	12.6	5.7	5.6
Trade:							
Chain food stores .....	58	333,566	303,291	11.5	11.1	1.1	1.1
Department and specialty stores .....	74	514,660	462,115	13.3	13.0	2.9	2.9
All trade .....	435	2,208,846	1,908,941	13.5	13.2	2.5	2.5

1/ Net worth is equivalent to shareholders' equity or "book net assets."

2/ Includes income from investments and other sources as well as from sales.

Compiled from Monthly Economic Letter, published by the First National City Bank, New York, April 1969.



All of the increase in net income earned by food manufacturers occurred in the industries manufacturing dairy products and "other food products." Net income was lower for bakers, meatpackers, and sugar refiners in 1968 than in 1967.

After tax profits as a percentage of sales and net worth of food manufacturers were generally lower in 1968 than in 1967. Only firms manufacturing "other food products" showed an increase in profit per dollar of sales and return on net worth. These firms, however, comprised the largest number of food manufacturing firms in the survey and accounted for over half of the sales. Profits as a percentage of sales and net worth declined sharply in baking and sugar manufacturing. Meatpackers earned the same profit on sales in 1968 as in 1967, but their return on net worth declined.

Increases in unit labor costs and the 10 percent surcharge on corporate income taxes cut into after-tax earnings. Sustained growth of the economy and the rising price level during 1968 were largely responsible for gains in sales and profits.

In contrast to the relatively small increase in food manufacturing, net income of industries processing nonfood products of farm origin was 10 percent larger in 1968 than in 1967. Brewers and manufacturers of textile products and clothing and apparel registered sharp increases in net income in 1968. Although income as a percentage of sales for these industries also increased, most of the increase in net income was due to increased sales. Net income increased slightly for tobacco manufacturers but declined for distilleries.

Net income of 58 leading food chains increased 10.0 percent in 1968 over 1967 although net profit as a percentage of sales averaged 1.1 percent in both years. This pattern was similar to that of the 435 leading distribution firms, which showed a 15.7 percent increase in after-tax profits but no increase in profit as a percentage of sales.

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## IMPROVEMENTS IN GRADES OF HOGS MARKETED

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How much progress are U.S. farmers making toward furnishing consumers with the leaner pork they prefer? Considerable, according to recent studies by USDA. Since 1958, average lard yield per hog has decreased more than 25 percent, and cut-out tests show an increase in preferred lean cuts relative to carcass weights. However, cut-out tests do not represent all hogs marketed, and average lard yield per hog gives no inkling of the distribution of hogs among various grades. A better idea of overall improvement can be derived from detailed information on grades and measurements of butcher hogs--those being marketed for immediate slaughter and processing. Accurate data on changes in grade distribution of hogs can help guide further adjustments in breeding, feeding, and marketing practices.

USDA made a detailed study of the grades and measurements of hogs for a nationwide sample of meatpacking plants during four seasons of the year in 1967-68. Procedures were similar to those employed in a study made in 1960-61. The study covered close to one in every 1,000 hogs slaughtered in the United States. Samples were graded for 121 full-day kills in 56 federally inspected slaughtering plants throughout the United States. The sample was chosen to represent all hogs in all seasons and regions.

Results of the 1967-68 survey have been summarized and compared with the earlier survey in a recent publication. <sup>1/</sup> Some of the highlights from this study are presented here.

### More Hogs in the Higher Grades in 1967-68

Grade composition was determined and compared for about 57,000 barrows and gilts in 1967-68 and about 45,000 in 1960-61.

The grade composition of hogs marketed, based on these samples, is as follows:

Grade	: 1967-68	: 1960-61
	<u>Pct.</u>	<u>Pct.</u>
U.S. No. 1.....	49.9	33.4
U.S. No. 2.....	35.4	38.6
U.S. No. 3.....	11.9	25.9
Medium.....	2.6	2.0
Cull.....	.2	.1
Total.....	100.0	100.0

Grades of hogs marketed in the United States improved markedly during the 7-year period. In 1967-68, half of the barrows and gilts graded U.S. No. 1--the leanest category of hogs with ample meatiness and lean quality--compared with 33 percent in 1960-61. The percentage of U.S. No. 3 hogs--the fattest in relation to their length--decreased from about 26 percent to about 12 percent, or roughly the same percentage as the increase in the proportion of U.S. No. 1's. The proportion of U.S. No. 2's decreased slightly.

Comparison of the percentage distribution of hogs by length and backfat measurements showed that the increase in the proportion of leaner hogs extended well into each grade and was not limited to a slight improvement merely along the grade boundaries.

### More Hogs are Leaner in Relation to Length

Had the carcasses been assigned grades solely on the basis of backfat thickness in relation to length, the following distribution by grades would have resulted:

<sup>1/</sup> Improvement in Grades of Hogs Slaughtered, 1967-68 over 1960-61, Economic Research Service, USDA, MRR.-849, May 1969.



Grade	: 1967-68	: 1960-61
	: Pct.	: Pct.
U.S. No. 1.....	38.7	30.4
U.S. No. 2.....	37.6	38.3
U.S. No. 3.....	12.8	24.5
Medium.....	10.3	6.3
Cull.....	.6	.5
Total.....	100.0	100.0

When graded on the basis of objective factors only (i.e., the backfat thickness and carcass length), one-half the carcasses along the grade boundaries were allotted to each of the adjacent grades. The proportion of hogs that would have graded No. 1 on measurements alone increased substantially between the 2 periods.

In actual practice, the grader supplements these objective measurement guides for grade with subjective appraisal of relative meatiness and relative quality. Subjective appraisal is applied routinely to all carcasses with backfat thickness corresponding to a grade boundary and to those displaying an unusually high (or low) relative leanness for their measurements. Thus, a particular grade may include some carcasses from each of three measurement groups: Those within the defined length-backfat boundaries of the grade, those above the maximum backfat boundaries, and those below the minimum backfat boundaries.

#### Hogs are Meatier as Well as Leaner

For many hog carcasses, grades based merely on backfat thickness relative to length would understate differences in value due to variations in relative meatiness. Thus, grading procedures provide subjective standards to take account of degree of leanness and lean quality.

There was a substantial increase over 1960-61 results in the meatiness of barrows and gilts graded in the study. The proportion of all barrows and gilts qualifying for U.S. No. 1 and No. 2 grades solely on their objective measurements--backfat thickness in relation to length--increased from 68.7 percent in 1960-61 to 76.3 percent in 1967-68. Since the average weight and length of hogs marketed showed little change between the two surveys, the reduced backfat

thickness is further evidence of increased muscling. Thirteen percent of all barrows and gilts were rated as U.S. No. 1 or U.S. No. 2 based on superior meatiness and lean quality, compared with 6.6 percent in 1960-61. This was in addition to those qualifying on the basis of objective measurements. The proportion of barrows and gilts downgraded because of deficiencies in leanness or lean quality amounted to only 3.4 percent in 1967-68, a moderate decrease.

Changes in the relative meatiness of pork are most noticeable to consumers in the more popular cuts--loin, chops, ham, bacon, and picnics.

#### Grade Standards Revised for Hog Carcasses in 1968

Effective April 1, 1968, official U.S. standards for grades of barrow and gilt carcasses were revised. The principal change was the addition of a new U.S. No. 1 grade. This new grade includes high cutability carcasses that are thickly muscled with acceptable lean quality. These were formerly either No. 1 or Medium grades. Most of the carcasses that formerly qualified for the No. 1 grade are graded U.S. No. 2 under the revised standards, along with a small number that do not meet the minimum muscling requirements added for the No. 1 grade. Carcasses formerly in the U.S. No. 2 and No. 3 grades will, for the most part, be graded U.S. No. 3 and 4 under the revised standards. The Medium and Cull grades were combined and renamed U.S. Utility. This grade includes carcasses that do not meet the lean meat quality requirements of the four numbered grades.

Estimated distributions under the revised grades for the 1967-68 carcasses provide another indicator of the nature and degree of improvement in the quality of hogs marketed. Estimates of grade distribution according to the revised standards represent only an approximation since they were made from the graders' records rather than from visual ratings of the actual carcasses. In this procedure, the carcasses were distributed according to length and backfat measurements.



Grader notations were used in estimating the number to grade differently than indicated by objective measurements. This procedure yielded an estimate of approximate distribution of the barrow and gilt carcasses as follows: 2/

1968 standards

<u>Grade</u>	<u>Percent</u>
U.S. No. 1	8.1
U.S. No. 2	42.2
U.S. No. 3	35.7
U.S. No. 4	12.2
Utility	1.8

1955 standards

U.S. No. 1	49.2
U.S. No. 2	35.7
U.S. No. 3	12.2
Medium	2.7
Cull	.2

The market significance of the 1968 change in grade standards and designations

for barrows and gilt carcasses is that, as redefined, most of the total supply (about three-fourths) will fall into the two "middle" grades - U.S. No. 2 and U.S. No. 3--with a relatively smaller proportion falling in the top grade (No. 1) or overfinished (No. 4). This approximate distribution among grades shows better balance under the new standards than under the old. Thus, the new standards can contribute to improved efficiency and accuracy in buying, selling, and pricing transactions.

This study documents the degree of improvement in market quality of hogs over a 7-year period. It also provides useful benchmarks for future measures of additional improvement in grades as U.S. meatpackers, hog breeders, and feeders continue their efforts to tailor hogs more closely to consumer preferences for leaner pork.

# **TRUCK RATES FOR SHIPPING COTTON IN SOUTHEASTERN UNITED STATES, ARIZONA AND CALIFORNIA**

Jack T. Lamkin 1/

Information on the movement of agricultural exempt commodities by motor truck traditionally has been limited to data collected in and applicable to a specific time period. This limitation, especially in projections of transportation costs to users, has presented problems in both the private and public sector with regard to planning, budgeting, and analyzing transportation alternatives. Selection of a specific site for a firm often hinges on the cost of transportation services. Similarly, decisions by public agencies on the relative desirability of alternative locations for gathering and storing agricultural commodities require information on the structure of rates for transportation services.

To provide reliable estimates of truck rates for shipping cotton and other agricultural commodities, a method of collecting rates and subsequently developing rate estimating equations was needed. Therefore, in June 1967, the Economic Research Service contracted with the Texas Transportation Institute to determine the feasibility of collecting exempt truck transportation rate data on a continuing basis.

This article deals specifically with truck rates for moving cotton in the Southeastern United States and the Arizona-California region. Data were collected by personnel of the Texas Transportation Institute and supplemented by data provided by the USDA.

Firms interviewed were selected from a USDA list of firms in the study areas. In selection of the sample, firms were stratified according to the number of bales of cotton purchased from the Commodity Credit Corporation. Within all strata two primary and two alternate firms were

randomly selected. Eighteen cotton shippers provided data for the study. In addition, data were collected from nine trucking firms.

Data were obtained from the sample firms by sampling freight bills on actual shipments. Information collected include freight charges, weight of shipment, and origin-destination points.

These data were used in regression programs to compute estimating rate equations. Statistical tests were made to determine the degree of the polynomial which "best" fit the data. Higher degree (nonlinear) equations were used only when the addition of the variable significantly reduced the error sum of squares. To reduce the number of equations in the analysis, data were grouped and statistical tests made to determine if a single equation describing a truck rate from multiple origins to multiple destinations could be used. Extensive grouping was found to be possible for movements shown in tables 5 and 6. However, statistical tests indicated that the rate structure on movements from the mid-South to the Southeast was significantly different from movements within the Southeast, precluding the use of one estimating equation applicable to both mid-South and Southeast. Additional and more specific estimating equations such as those for movements from Alabama-Georgia to Group B mill points (western parts of both South and North Carolina, and Eastern Tennessee) are available on request to MED-ERS.

Transportation rates were estimated from the equations for various distances within the range of the data (tables 5-7). All rates are applicable only for movements of 5 tons or more.

1/ Mr. Lamkin is an Assistant Research Economist with the Texas Transportation Institute, Texas A&M University. The article was prepared from one phase of a multi-commodity contract between TTI and the Economic Research Service. This phase of the contract was supervised by Amos D. Jones, Assistant Chief, Fibers and Grains Branch, Marketing Economics Division of ERS.

Table 5.--Truck rates for cotton shipments from points in Arkansas, Louisiana, Mississippi, Missouri, and Tennessee to points in Alabama, Georgia, Group A and Group B mill points 1/

Miles	Rate per 100 pounds			Miles	Rate per 100 pounds		
	High	Low	Estimated		High	Low	Estimated
	Ct.	Ct.	Ct.		Ct.	Ct.	Ct.
170	50.85	46.84	48.85	610	78.27	76.92	77.59
190	52.08	48.23	50.15	630	79.58	78.22	78.90
210	53.30	49.62	51.46	650	80.91	79.51	80.21
230	54.53	51.01	52.77	670	82.25	80.78	81.51
250	55.75	52.39	54.07	690	83.59	82.05	82.82
270	56.98	53.78	55.38	710	84.94	83.31	84.13
290	58.21	55.17	56.69	730	86.30	84.57	85.43
310	59.44	56.55	57.99	750	87.67	85.82	86.74
330	60.67	57.93	59.30	770	89.03	87.06	88.05
350	61.90	59.31	60.61	790	90.41	88.30	89.35
370	63.13	60.69	61.91	810	91.78	89.54	90.66
390	64.37	62.07	63.22	830	93.16	90.78	91.97
410	65.61	63.45	64.53	850	94.54	92.01	93.27
430	66.85	64.82	65.83	870	95.92	93.24	94.58
450	68.09	66.19	67.14	890	97.30	94.47	95.89
470	69.34	67.56	68.45	910	98.68	95.70	97.19
490	70.59	68.92	69.75	930	100.07	96.93	98.50
510	71.85	70.27	71.06	950	101.45	98.16	99.81
530	73.11	71.62	72.37	970	102.84	99.39	101.11
550	74.39	72.96	73.67	990	104.23	100.61	102.42
570	75.67	74.29	74.98	1,000	104.92	101.23	103.07
590	76.96	75.61	76.29				

1/ Group A--Eastern parts of both South and North Carolina, Virginia, and Maryland. Group B--Western parts of both South and North Carolina, and Eastern Tennessee. Estimating equation used to compute rates. Applicable only on shipments over 5 tons.

$$\hat{Y} = 37.7419 + 0.06533X$$

No. of observations--157

Where  $\hat{Y}$  = estimated rate and X = miles

$$R^2 = 0.798$$

Three truck rates are shown for each distance--the estimated rate and a high and low rate. The high and low values of the estimated rates were computed using the 90 percent confidence limit for the estimated rates. These high and low values of the estimated rates do not indicate the maximum or minimum rates that may be experienced on a specific movement but rather the expected range of the average rates.

There are some significant fluctuations in the truck transportation rates on cotton. These fluctuations, in part, occur because of the exempt nature of the movement. Rates are freely negotiable, and knowledge of prevailing rate practices is limited on both the part of the buyer and seller of the service. Supply and demand for truck transportation undoubtedly also have an impact on the



Table 6.--Truck rates for interstate shipment of cotton from points in Alabama, Georgia, North Carolina and South Carolina to points in Alabama, Georgia, Group A and Group B mill points <sup>1/</sup>

Miles	Rate per 100 pounds			Miles	Rate per 100 pounds		
	High	Low	Estimated		High	Low	Estimated
	Ct.	Ct.	Ct.		Ct.	Ct.	Ct.
30 .....	21.78	17.71	19.75	290 .....	56.48	54.27	55.38
50 .....	24.36	20.61	22.49	310 .....	59.33	56.91	58.12
70 .....	26.95	23.51	25.23	330 .....	62.19	59.53	60.86
90 .....	29.54	26.40	27.97	350 .....	65.06	62.13	63.60
110 .....	32.14	29.28	30.71	370 .....	67.95	64.73	66.34
130 .....	34.75	32.15	33.45	390 .....	70.84	67.32	69.08
150 .....	37.37	35.01	36.19	410 .....	73.77	69.91	71.82
170 .....	40.02	37.85	38.93	430 .....	76.63	72.49	74.56
190 .....	42.68	40.66	41.67	450 .....	79.54	75.07	77.30
210 .....	45.38	43.45	44.41	470 .....	82.44	77.64	80.04
230 .....	48.10	46.21	47.15	490 .....	85.35	80.21	82.78
250 .....	50.87	48.92	49.89	500 .....	86.81	81.50	84.15
270 .....	53.66	51.61	52.64				

<sup>1/</sup> Group A--Eastern parts of both South and North Carolina, Virginia and Maryland. Group B--Western parts of both South and North Carolina, and Eastern Tennessee. Estimating equation used to compute rates. Applicable only to shipments over 5 tons.

$$\hat{Y} = 15.6368 + 0.13704X$$

No. of observations--230

Where  $\hat{Y}$  = estimated rate and X = miles

$$R^2 = 0.792$$

rates. While these may be the basic causes of the range, there are other contributing factors. These include the cost of alternative modes of transportation, seasonal fluctuations, and the transportation requirements of other exempt commodities.

The high figure can be used as a guide to truck rates during periods of excess demand for transportation services. The lower rates would be more applicable to periods when trucks are relatively plentiful. These figures may also indicate to the individual purchaser of transport services his position relative to other shippers of cotton. However, specific requirements of either the shipper or carrier may result in higher or lower rates than those indicated.

Table 5 shows estimated truck transportation rates on movements of cotton from points in the mid-South and Delta regions to

points in the Southeast. The rate equation from which these rates were computed is based on 157 data observations. Approximately 80 percent of the variations in rates is accounted for by variations in miles shipped. Since no actual shipments of less than 170 miles were observed, the equation should not be used for estimating rates for shorter distances.

Table 6 shows estimated truck transportation rates on interstate movements of cotton in the Southeast region. Intrastate rates are not included. Since distances between points are less within this region, it was possible to estimate rates on shorter movements. Two hundred and thirty observations were used in this equation. Over 79 percent of the variation in rates is explained by variations in miles shipped.

Table 7.--Truck rates for intrastate shipments of cotton in California 1/

Miles	Rate per 100 pounds			Miles	Rate per 100 pounds		
	High	Low	Estimated		High	Low	Estimated
	Ct.	Ct.	Ct.		Ct.	Ct.	Ct.
100	25.62	23.96	24.79	400	50.10	47.41	48.76
120	26.17	24.95	25.56	420	52.66	49.94	51.30
140	26.91	25.99	26.45	440	55.34	52.58	53.96
160	27.86	27.06	27.46	460	58.13	55.34	56.74
180	29.04	28.13	28.58	480	61.05	58.21	59.63
200	30.39	29.27	29.83	500	64.10	61.19	62.65
220	31.88	30.50	31.19	520	67.29	64.28	65.78
240	33.48	31.86	32.67	540	70.61	67.45	69.03
260	35.19	33.35	34.27	560	74.08	70.72	72.40
280	37.00	34.96	35.98	580	77.70	74.08	75.89
300	38.92	36.71	37.82	600	81.47	77.52	79.49
320	40.95	38.59	39.77	620	85.38	81.05	83.22
340	43.08	40.60	41.84				
360	45.31	42.74	44.03				
380	47.65	45.01	46.33				

1/ Estimating equation used to compute rates. Applicable only on shipments over 5 tons.

$$\hat{Y} = 22.70808 + 0.0060767X + 0.00014761X^2 \quad \text{No. of observations--344}$$

Where  $\hat{Y}$  = estimated rate and  $X$  = miles  $R^2 = 0.844$

Table 7 shows the estimated rates on intrastate shipments in California. Over 84 percent of the variation in rates is attributed to variations in the mileage. Rates are only estimated for distances between 100 and 620 miles.

All the interstate truck movements from points in Arizona to points in California involved high-density baled cotton and were from concentrated Arizona production areas to basically a single California destination. The range of rates was 33 to 50 cents per 100 pounds but most firms interviewed quoted flat rates of 40 or 42 cents per 100 pounds. Slight differences in the rates were attributed to the limited variation in miles, the concentration of origin points

around Phoenix, especially in the Eloy-Picacho area, and the concentration of destination points in the Los Angeles region. Under these conditions of concentrated origins and destinations the rates shown above negate the need for an estimating equation.

Total transportation charges for a specific movement represented in tables 5-7 are easily computed. For example, if twenty 500-pound bales are to be shipped by truck from Memphis, Tenn. to Columbia, S.C., a distance of about 590 miles, table 5 is applicable and shows the estimated rate to be 76.29 cents. This rate yields an estimated charge of \$3.81 per bale or \$76.20 for the shipment.



## PRICES AND PRICE SPREADS FOR FRESH FRUITS

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Prices paid by consumers for a market basket of farm foods were 14 percent higher in 1968 than in 1957-59. <sup>1/</sup> During this period the retail cost of fruit and vegetables in all forms increased 22 percent--the largest percentage increase of any major food group. Fresh fruit prices increased even more--46 percent.

This article examines changes over the last decade in retail prices, grower and packer returns, and price spreads for a selected group of fresh fruits and shows the relationship of changes in fruit supplies to changes in fruit prices. Price and price spread data are averages based on marketing seasons. Two markets are used for pricing at the wholesale and retail levels--Chicago and New York City. Fruits included are Washington Red Delicious apples, California lemons, California Navel and Valencia oranges, and Florida oranges.

### Trends in Prices and Price Spreads

Retail prices for these fresh fruits in Chicago and New York City averaged 33 percent higher in the 1967/68 marketing season than a decade ago (table 8). The return to grower and packer in 1967/68 increased 47 percent and the shipping point-retail price spread was 25 percent greater.

The return to grower and packer is for production, harvesting, handling, packing and all other activities prior to shipment of the fruit. Grower and packer return constitutes the shipping point price. The shipping point-retail price spread is the difference between the retail price and the shipping point price. This price spread is the cost of marketing services involved in moving the fruit from shipping point to consumer.

The retail price, grower and packer return, and the shipping point-retail price spread for the group of fruit all increased

sharply from the base period (1956/57-1958/59) to 1962/63, declined for the next 4 seasons and increased again in 1967/68.

The record high retail price for the group in 1962/63 reflected reduced supplies and high prices for Florida oranges following the severe Florida freeze in December of 1962. The 1963/64 price drop for the group featured much lower prices for California lemons and Washington Red Delicious apples. Declining retail price in the following three seasons was mainly due to falling prices of Florida and California oranges. Retail prices of all five fruits increased in 1967/68.

Although retail price, grower and packer return, and shipping point-retail price spread all moved in the same direction, percentage changes in the grower and packer return were usually greater than percentage changes in the retail price. Changes in shipping point-retail price spreads were usually smaller than retail price changes. While retail price declined 13 percent between 1962/63 and 1966/67, grower and packer return dropped 21 percent and the shipping point-retail price spread declined only 8 percent. Likewise, between 1966/67 and 1967/68 retail price increased 14 percent, grower and packer return gained 35 percent, and the shipping point-retail price spread widened by less than 2 percent.

### Determination of Prices and Price Spreads

Relative changes in the retail price of fresh fruits, the price spread, and the grower and packer return may be explained by examining how margins are determined and by using price theory.

Most marketing charges for fresh fruits at wholesale and retail are usually assessed as a percentage of

<sup>1/</sup> Marketing and Transportation Situation, MTS-172, ERS, USDA, February 1969.



Table 8.--Indexes of retail price, shipping point-retail price spread and grower and packer return for selected fresh fruit, 1959/60 to 1967/68 marketing season 1/

(1956/57-1958/59 = 100)			
Season	Retail price	Shipping point-retail price spread	Grower and packer return
1959/60 .....	110	104	119
1960/61 .....	115	109	127
1961/62 .....	119	116	125
1962/63 .....	134	134	138
1963/64 .....	125	128	123
1964/65 .....	122	127	116
1965/66 .....	119	124	114
1966/67 .....	117	123	109
1967/68 .....	133	125	147

1/ Seasonal averages of Washington Red Delicious apples, California lemons, California Navel and Valencia oranges, and Florida oranges sold in Chicago and New York City.

the retail price. When a percentage rate of markup is used, therefore, retail prices and price spreads tend to go up and down together. The percentage rate may, however, change over the long run as costs of providing the service change. When this occurs, the relationship of changes in prices and price spreads may be temporarily altered.

Certain other marketing charges, such as transportation rates and brokerage fees, are assessed on a flat rate per unit, regardless of price. When marketing charges are established in this manner, changes in retail prices and price spreads do not always move together.

The combined use of the two methods--percentage markup and flat rate per unit--normally results in the total price spread moving in the same direction as the retail price, but at a somewhat slower rate. For the group of fresh fruits, the relationship between changes in the price spread and retail price apparently resulted from the use of a combination of the two methods in assessing marketing charges.

Based on price theory, fruit prices are determined at the retail level and the return to the grower and packer is derived

from the retail price by subtracting the marketing charges. 2/ Since the grower and packer return is a residual, changes in the return are determined by changes in both the retail price and marketing charges. Since marketing charges for fresh fruits lagged the changes in retail price, the grower and packer return both increased and decreased faster than did retail price during the period.

#### Changes in Price and Supply

From the base period through 1962/63, the aggregate fresh fruit supply declined 25 percent and the retail price increased 34 percent (table 9). Over the next four seasons, fresh fruit supplies increased 41 percent and retail price dropped 13 percent. In 1967/68, fresh fruit supplies fell to their lowest point during the period and retail price increased sharply. Thus, fresh fruit supplies have had a big effect on fresh fruit prices. Over the entire decade, in fact, changes in fruit supplies accounted for 64 percent of the price variation.

2/ Thomsen, F. L. and Foote, R. J., Agricultural Prices, Second Edition, McGraw-Hill, New York, N. Y., 1952.

Table 9.--Indexes of supply and retail price of selected fresh fruits, 1959/60 to 1967/68, marketing seasons

(1956/57-1958/59 = 100)		
Season	Fresh supply <u>1/</u>	Retail price <u>2/</u>
1959/60 .....	94	110
1960/61 .....	86	115
1961/62 .....	79	119
1962/63 .....	75	134
1963/64 .....	89	125
1964/65 .....	93	122
1965/66 .....	95	119
1966/67 .....	106	117
1967/68 .....	71	133

1/ Aggregate production of Washington Red Delicious apples, California lemons, California Navel and Valencia oranges, and Florida oranges.

2/ Seasonal average retail price in Chicago and New York City.

#### Trends in Prices and Price Spreads for Individual Fruits

The average retail price in Chicago and New York increased for each of the 5 fruits from 1957/58 to 1967/68. Both the grower and packer return and the total price spread between the shipping point and retail also increased. However, annual variation in retail prices, price spreads, and returns to grower and packer was considerable among the fruits.

California lemons: The average retail price of California lemons in Chicago and New York City increased in each marketing season except one between 1957/58 and 1967/68. The average price in 1967/68 was 44 percent greater than in 1957/58 (figure 1). There was also increases of 43 percent in the wholesale-retail price spread, 10 percent in the shipping-point wholesale spread, and 64 percent in the grower and packer return. The wholesale-retail price spread includes primarily the costs of retailing and secondary wholesaling. The shipping point-wholesale price spread consists mainly of transportation and auction or wholesaling charges.

The grower and packer return and price spreads expressed as a percentage of the retail price were fairly stable during the entire decade. The wholesale-retail price spread represented about half of the retail price, the shipping point-wholesale spread

about 15 percent, and the grower and packer return about 35 percent.

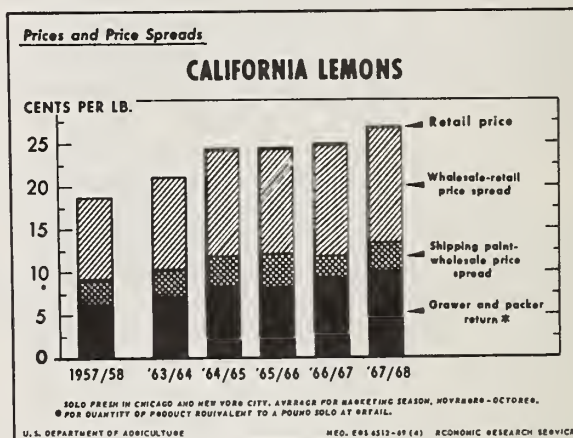


Figure 1

#### Washington Red Delicious apples:

The retail price of Washington Red Delicious apples averaged 48 percent greater in 1967/68 than in 1957/58 (figure 2). The wholesale-retail price spread increased 12 percent, the shipping point-wholesale spread declined 13 percent, and the grower and packer return more than doubled.

The grower and packer return for the 1965/66 through 1967/68 seasons represented about half of the retail price as compared to a third in 1957/58.



Conversely, the wholesale-retail price spread was slightly over a third of the retail price in the last 3 seasons compared with half in 1957/58. The shipping point-wholesale price spread remained at about a sixth of the retail price throughout the decade.

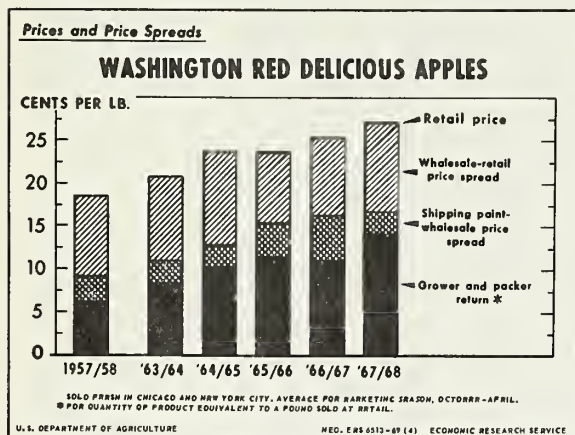


Figure 3

**Florida oranges:** The retail price of Florida oranges averaged 28 percent greater in 1967/68 than in 1957/58 (figure 3). The grower and packer return and price spreads also increased. However, retail price, grower and packer return and price spreads were all higher in 1963/64 than in 1967/68. Retail price fell in the following three seasons and the 1966/67 price was the lowest for Florida oranges since 1957/58.

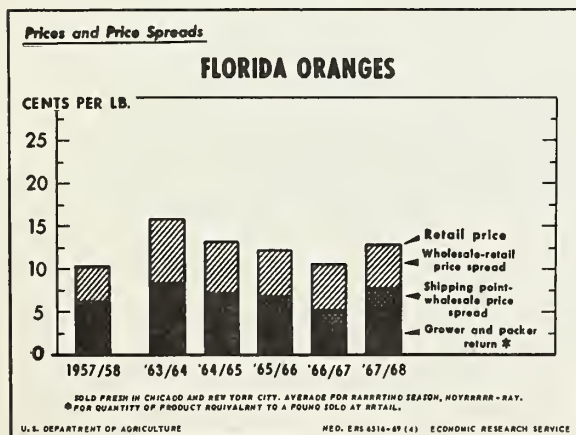


Figure 3

The grower and packer return in 1966/67 was the lowest return of the decade and represented only 31 percent of the retail price as compared to 43 percent in 1967/68. The total price spread expressed as a percentage of the retail price increased during the 1963/64 through 1966/67 seasons.

**California Navel oranges:** The retail price per pound of California Navel oranges increased 38 percent from 1957/58 to 1967/68 (figure 4). The wholesale-retail price spread increased 45 percent, the grower and packer return increased 46 percent, and the shipping point-wholesale spread remained the same. Most of the increase in retail price and the grower and packer return occurred in the 1967/68 season. The sharp increase in price in 1967/68 was due to a 62 percent decline in the fresh market supply of California Navel oranges.

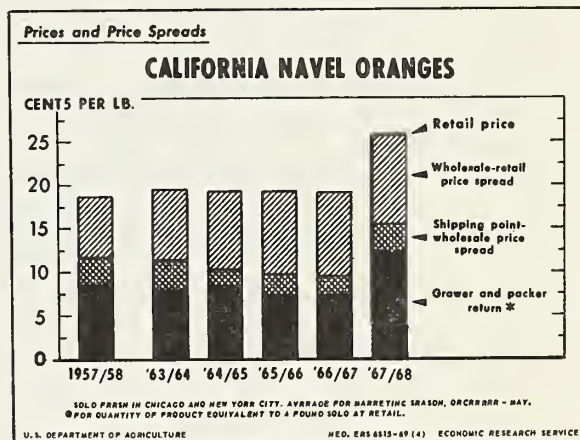


Figure 4

The shipping point-wholesale price spread expressed as a percentage of the retail price declined during the decade and averaged 12 percent in 1967/68. The wholesale-retail price spread was 40 percent in 1967/68, up slightly from 1957/58. The grower and packer return remained at slightly less than half of the retail price.



California Valencia oranges: In most seasons in the past decade, retail price, price spreads, and the grower and packer return for California Valencia oranges were quite similar to those of California Navel oranges. Average retail price in 1967/68 was 25.4 cents a pound, 34 percent higher than in 1957/58. For the decade the grower and packer return increased 32 percent and the wholesale-retail price spread increased 60 percent. The shipping point-wholesale price spread declined slightly.

Both the retail price and the grower and packer return increased sharply in 1967/68.

The grower and packer return represented about 44 percent of retail price throughout the decade. The shipping point-wholesale price spread was 10 percent in 1967/68, down slightly from 10 years earlier. The wholesale-retail price spread increased by a like amount and was 46 percent in 1967/68.

## SELECTED NEW PUBLICATIONS

1. "An Economic Study of the Winter Vegetable Export Industry of Northwest Mexico," by Robert S. Firch and Robert A. Young, Ariz. Agr. Expt. Sta., Tech. Bull.-179, Oct. 1968. The University of Arizona, Tucson, Ariz. 85721.
2. "Analysis of Demand for Fish and Shellfish (Atlanta, Georgia Consumer Panel," by J.C. Purcell and Robert Raunika, Ga. Agr. Expt. Sta., Res. Bull.-51, Dec. 1968. University of Georgia, Athens, Ga.
3. "Classes of Wheat in the U.S. Wheat Economy," by Frank Gomme, U.S. Dept. Agr., Econ. Res. Ser., ERS-399, Dec. 1968. (Reprinted from the Wheat Situation, WS-206, Nov. 1968.)
4. "Costs of Commercial Drying, Storing, and Handling Rough Rice, 1965-66," by Dale L. Shaw, Shelby H. Holder, Jr., Charles A. Wilmot, and Zolon M. Looney, U.S. Dept. Agr., Econ. Res. Ser., ERS-407, May 1969.
5. "Costs of Storing and Handling Grain in Commercial Elevators, 1967-68 and Projections for 1969-70," by Joseph L. Ghatti, Allen G. Schienbein, and Rodney C. Kite, U.S. Dept. Agr., Econ. Res. Ser., ERS-401, Feb. 1969.
6. "Cotton Gin Operating Costs in West Texas--1966-67 and 1967-68," by Charles A. Wilmot, Dale L. Shaw, and Zolon M. Looney, U.S. Dept. Agr., Econ. Res. Ser., MRR-844, Mar. 1969.
7. "Economic Performance of Motor Carriers Operating Under The Agricultural Exemption in Interstate Trucking," by Walter Miklius, U.S. Dept. Agr., Econ. Res. Ser., MRR-838, Jan. 1969.
8. "Food Costs: Retail - Farm - Marketing," U.S. Dept. Agr., Econ. Res. Ser., Misc. Pub.-1133, Feb. 1969.
9. "Store Test of EUODA Cheese in Four Supermarkets in the Washington, D.C., Suburbs," by Herbert H. Moede and Naaman Seigle, U.S. Dept. Agr., Econ. Res. Ser., MRR-846," Apr. 1969.
10. "Supplying U.S. Markets With Fresh Winter Produce: Capabilities of U.S. and Mexican Production Areas," by C. John Fliginger, Earle E. Gavett, Levi A. Powell, Sr., and Robert P. Jenkins, U.S. Dept. Agr., AER-154, Mar. 1969. (A Study Performed in Response to Congressional Inquiry by the Economic Research Service with the Cooperation of the Foreign Agricultural Service.)
11. "Synthetics and Substitutes for Agricultural Products -- A Compendium," U.S. Dept. Agr., Econ. Res. Ser., Misc. Pub.-1141, Apr. 1969.
12. "The Domestic Wool Marketing System," by Charles A. O'Dell, U.S. Dept. Agr., Econ. Res. Ser., ERS-400, Mar. 1969.
13. "The Economics of Farm Products Transportation," by Ivon W. Ulrey, U.S. Dept. Agr., Econ. Res. Ser., MRR-843, Mar. 1969.

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: Unless otherwise indicated, items listed are Economic Research :  
 : Service publications and single copies may be obtained free from the :  
 : Division of Information, Office of Management Services, U.S. Depart- :  
 : ment of Agriculture, Washington, D.C. 20250. :  
 : Publications issued by State Agricultural Experiment Stations :  
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 :

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Table 10.--Farm food products: Retail cost and farm value, January-March 1969, October-December 1968  
January-March, 1968 and 1957-59 average

Product 1/	Retail unit	Retail cost						Net farm value 2/					
		January- March 1969	October- December 1968	January- March 1968	1957-59 average	Percentage change: January-March 1969 from October-January- December 1968	Percentage change: January- March 1969	January- March 1969	October- December 1968	January- March 1968	1957-59 average	Percentage change: January-March 1969 from October-January- December 1968	Percentage change: January- March 1969
		Dollars	Dollars	Dollars	Dollars	Percent	Percent	Dollars	Dollars	Dollars	Dollars	Percent	Percent
Market basket .....		1,138.08	1,128.49	1,100.81	982.65	0.8	3.4	452.92	3/432.90	425.08	387.87	4.6	6.5
Meat products .....		332.18	327.97	320.43	285.05	1.3	3.7	179.65	3/168.59	166.13	154.47	6.6	8.1
Dairy products .....	Average quantities purchased	205.54	204.98	198.72	173.33	.3	3.4	98.78	98.17	94.66	77.85	.6	4.4
Poultry and eggs .....	per urban wage-earner and	94.06	91.58	81.80	93.02	2.7	15.0	54.54	3/50.50	43.37	56.28	8.0	25.8
Bakery and cereal products 4/													
All ingredients .....	clerical-worker	171.14	170.76	168.81	148.40	.2	1.4	33.11	32.36	34.09	30.55	2.3	-2.9
Grain .....	household	--	--	--	--	--	--	24.70	24.66	26.47	23.40	.2	-6.7
All fruits and vegetables .....	in 1960-61	247.11	245.79	244.12	202.96	.5	1.2	66.96	64.42	66.69	50.05	3.9	.4
Fresh fruits and vegetables ..		123.18	122.15	122.72	91.15	.8	.4	40.94	39.51	42.83	28.70	3.6	-4.4
Fresh fruits .....		48.62	51.16	49.24	36.26	-5.0	-1.3	16.57	16.26	17.59	12.26	1.9	-5.8
Fresh vegetables .....		74.56	70.99	73.47	54.89	5.0	1.5	24.37	23.25	25.24	16.44	4.8	-3.4
Processed fruits and vegetables .....		123.93	123.64	121.41	111.81	.2	2.1	26.02	24.91	23.86	21.35	4.5	9.1
Fats and oils .....		37.75	37.70	38.14	37.56	.1	-1.0	10.31	3/9.40	10.66	11.19	9.7	-3.3
Miscellaneous products .....		50.30	49.71	48.79	42.33	1.2	3.1	9.57	9.46	9.48	7.48	1.2	.9
		Cents	Cents	Cents	Cents	Percent	Percent	Cents	Cents	Cents	Cents	Percent	Percent
Beef, Choice grade .....	Pound	90.0	88.3	86.4	78.1	1.9	4.2	55.3	52.3	51.5	48.3	5.7	7.4
Lamb, Choice grade .....	Pound	96.7	95.0	91.2	70.0	1.8	6.0	53.9	3/51.9	48.6	40.2	3.9	10.9
Pork .....	Pound	67.7	67.5	66.1	60.5	.3	2.4	34.7	3/32.6	32.4	31.0	6.4	7.1
Butter .....	Pound	84.2	83.8	83.4	73.2	.5	1.0	60.5	3/60.1	61.0	52.6	.7	-8
Cheese, American process .....	1/2 pound	45.6	45.1	43.7	32.3	1.1	4.3	20.3	19.8	18.9	14.2	2.5	7.4
Ice cream .....	1/2 gallon	81.1	81.1	80.5	84.2	0	.7	26.6	26.4	25.9	21.0	.8	2.7
Milk, evaporated .....	14 1/2-ounce can	17.4	17.4	16.8	14.5	0	3.6	8.4	8.1	8.0	6.2	3.7	5.0
Milk, fresh .....	1/2 gallon	61.5	61.3	58.8	50.8	.3	4.6	27.3	27.3	26.0	21.9	0	5.0
Home delivered .....	1/2 gallon	54.5	54.6	52.7	46.6	-.2	3.4	27.3	27.3	26.0	21.9	0	5.0
Sold in stores .....													
Chickens, frying, ready-to-cook ..	Pound	40.1	39.4	39.2	43.5	1.8	2.3	20.4	3/18.1	19.6	24.4	12.7	4.1
Eggs, Grade A large .....	Dozen	63.6	61.1	48.2	56.2	4.1	32.0	41.5	39.1	27.5	36.1	6.1	50.9
Bread, white .....													
All ingredients .....	Pound	22.8	22.7	22.1	18.9	.4	3.2	3.2	3.2	3.3	3.0	0	-3.0
Wheat .....	Pound	--	--	--	--	--	--	2.5	2.5	2.7	2.4	0	-7.4
Bread, whole or cracked wheat ..	Pound	30.8	30.6	29.6	--	.7	4.1	3.2	3.1	3.2	--	3.2	0
Crackers, sandwich .....	Pound	49.9	50.0	50.5	--	-2.2	-1.2	4.5	4.4	4.5	--	2.3	0
Corn flakes .....	12 ounces	31.4	31.3	31.3	24.5	.3	.3	2.4	2.3	2.4	2.4	4.3	0
Flour, white .....	5 pounds	57.9	58.0	58.9	53.3	-.2	-1.7	20.1	20.0	21.6	18.8	.5	-6.9
Apples .....	Pound	23.6	21.4	21.3	16.1	10.3	10.8	9.3	8.3	8.3	5.0	12.0	12.0
Grapefruit .....	Each	13.7	17.6	13.9	10.7	-22.2	-1.4	2.5	3.7	3.5	2.7	-32.4	-28.6
Lemons .....	Pound	26.9	25.4	26.9	18.4	5.9	0	9.1	6.2	8.8	4.2	46.8	3.4
Oranges .....	Dozen	82.9	101.4	91.6	66.0	-18.2	-9.5	21.7	25.2	25.3	23.2	-13.9	-14.2
Cabbage .....	Pound	13.0	12.0	12.5	8.7	8.3	4.0	3.6	3.8	4.0	2.4	-5.3	-10.0
Carrots .....	Pound	16.4	15.8	25.3	14.5	3.8	-35.2	5.2	5.2	10.7	3.7	0	-51.4
Celery .....	Pound	16.8	15.7	17.6	15.3	7.0	-4.5	5.0	4.2	5.5	4.4	19.0	-9.1
Cucumbers .....	Pound	34.5	28.5	32.7	--	21.1	5.5	11.9	15.7	15.0	--	-24.2	-20.7
Lettuce .....	Head	29.8	29.8	26.9	22.6	0	10.8	11.6	10.8	9.7	6.0	7.4	19.6
Onions .....	Pound	13.0	13.5	14.1	10.1	-3.7	-7.8	2.8	3.7	6.5	3.4	-24.3	-56.9
Peppers, green .....	Pound	44.6	35.2	41.4	--	26.7	7.7	16.7	12.7	13.5	--	31.5	23.7
Potatoes .....	10 pounds	76.9	73.8	68.4	58.3	4.2	12.4	23.8	20.2	16.3	17.8	17.8	46.0
Tomatoes .....	Pound	42.0	41.2	42.6	30.1	1.9	-1.4	15.8	15.8	16.9	10.6	0	-6.5
Peaches, canned .....	No. 2 1/2 can	34.7	34.9	34.4	34.3	-.6	.9	6.0	6.0	6.7	6.1	0	-10.4
Pears, canned .....	No. 2 1/2 can	51.0	52.1	53.7	--	-2.1	-5.0	10.2	10.2	15.9	--	0	-35.8
Beets, canned .....	No. 303 can	18.2	18.2	18.0	--	0	1.1	1.4	1.4	1.3	--	0	7.7
Corn, canned .....	No. 303 can	24.0	24.3	24.1	17.8	-1.2	-4.4	3.0	3.0	3.0	2.4	0	0
Peas, canned .....	No. 303 can	24.7	24.8	25.0	21.0	-.4	-1.2	3.8	3.8	3.8	3.1	0	0
Tomatoes, canned .....	No. 303 can	19.7	20.0	20.4	15.6	-1.5	-3.4	3.7	3.7	3.9	2.3	0	-5.1
Orange juice, concentrate, frozen	6-ounce can	23.3	22.4	19.9	23.4	4.0	17.1	10.0	9.6	6.7	8.2	4.2	49.3
French fried potatoes, frozen ..	9 ounces	15.9	15.7	15.2	--	1.3	4.6	2.9	2.4	2.0	--	20.8	45.0
Peas, frozen .....	10 ounces	21.0	20.6	20.7	19.9	1.9	1.4	3.6	3.6	3.7	3.2	0	-2.7
Beans, navy .....	Pound	19.6	19.9	19.4	16.3	-1.5	1.0	8.6	7.9	8.6	6.9	8.9	0
Margarine .....	Pound	27.7	27.7	28.2	27.4	0	-1.8	7.2	3/6.3	7.5	7.8	14.3	-4.0
Peanut butter .....	12-ounce jar	45.4	44.7	43.8	41.4	1.6	3.7	15.7	16.0	15.1	14.1	-1.9	4.0
Salad or cooking oil .....	24-ounce bottle	52.1	51.9	52.7	--	.4	-1.1	11.9	10.8	12.6	--	10.2	-5.6
Vegetable shortening .....	3 pounds	82.4	83.0	84.5	90.4	-.7	-2.5	25.3	3/22.4	26.6	28.2	12.9	-4.9
Sugar .....	5 pounds	61.1	61.1	60.7	54.5	0	.7	25.7	25.1	24.6	20.2	2.4	4.5
Spaghetti with sauce, canned .....	15 1/2-ounce can	17.2	17.0	16.7	--	1.2	3.0	2.1	2.1	2.2	--	0	-4.5

1/ Product groups include more items than those listed in this table. For example, in addition to the products listed--Choice beef, lamb, and pork (major products except lard)--the meat products group included lower grades of beef, the minor edible pork products, and veal.

2/ Gross farm value adjusted to exclude imputed value of byproducts obtained in processing.

3/ Most retail cost figures for October-December 1968, January-March 1968, and farm value figures for January-March 1968 have been revised; figures in other columns revised as indicated.

4/ For the bakery products group and the individual wheat products, the net farm value is based on the market price of wheat received by farmers plus the cost of the marketing certificate to millers. This cost equals the value of the domestic marketing certificate received by farmers complying fully with the Wheat Program.



Table 11.--Farm food products: Farm-retail spread and farmer's share of the retail cost, January-March 1969, October-December 1968, January-March 1968, and 1957-59 average

Product 1/	Retail unit	Farm-retail spread 2/						Farmer's share				
		January- March	October- December	January- March	1957-59 average	Percentage change from: January-March 1969 October-December 1968		January- March	October- December	January- March	1957-59 average	
		1969	1968	1968		October- December 1968	January- March 1968	1969	1968	1968		
		3/	3/									
		Dollars	Dollars	Dollars	Dollars	Percent	Percent	Percent	Percent	Percent	Percent	
Market basket .....	Average quantities purchased per urban wage-earner and clerical-worker household in 1960-61	685.16	695.59	675.73	594.78	-1.5	1.4	40	38	39	39	
Meat products .....		152.53	159.38	154.30	130.58	-4.3	-1.1	54	51	52	54	
Dairy products .....		106.76	106.81	104.06	95.48	4/	2.6	48	48	48	45	
Poultry and eggs .....		39.52	41.07	38.43	36.74	-3.8	2.8	58	55	53	61	
Bakery and cereal products 5/		138.03	138.40	134.72	117.85	-.3	2.5	19	19	20	21	
All ingredients .....		---	---	---	---	---	---	14	14	16	16	
Grain .....		180.15	181.37	177.43	152.91	-.7	1.5	27	26	27	25	
Fresh fruits and vegetables ..		82.24	82.64	79.88	62.45	-.5	3.0	33	32	35	31	
Fresh fruits .....		32.05	34.90	31.65	24.00	-8.2	1.3	34	32	3/36	34	
Fresh vegetables .....		50.19	47.74	48.23	38.45	5.1	4.1	33	33	34	30	
Processed fruits and vegetables .....		97.91	98.73	97.55	90.46	-.8	.4	21	20	20	19	
Fats and oils .....		27.44	28.30	27.48	26.37	-3.0	-.1	27	25	28	30	
Miscellaneous products .....		40.73	40.25	39.31	34.85	1.2	3.6	19	19	19	18	
			Cents	Cents	Cents	Cents	Percent	Percent	Percent	Percent	Percent	Percent
Beef, Choice grade .....		Pound	34.7	36.0	34.9	29.8	-3.6	-.6	61	59	3/60	62
Lamb, Choice grade .....	Pound	42.8	43.1	42.6	29.8	-.7	.5	56	55	53	57	
Pork .....	Pound	33.0	34.9	33.7	29.5	-5.4	-2.1	51	48	49	51	
Butter .....	Pound	23.7	23.7	22.4	20.6	0	5.8	72	72	73	72	
Cheese, American process .....	1/2 pound	25.3	25.3	24.8	18.1	0	2.0	45	44	43	44	
Ice cream .....	gallon	54.5	54.7	54.6	63.2	-.4	-.2	33	33	32	25	
Milk, evaporated .....	1 1/2-ounce can	9.0	9.3	8.8	8.3	-3.2	2.3	48	47	48	43	
Milk, fresh .....	1/2 gallon	34.2	34.0	32.8	28.9	.6	4.3	44	45	44	43	
Home delivered .....		27.2	27.3	26.7	24.7	-.4	1.9	50	50	49	47	
Sold in stores .....												
Chickens, frying, ready-to-cook ..	Pound	19.7	21.3	19.6	19.1	-7.5	.5	51	46	50	56	
Eggs, Grade A large .....	Dozen	22.1	22.0	20.7	20.1	-.5	6.8	65	64	57	64	
Bread, white .....												
All ingredients .....	Pound	19.6	19.5	18.8	15.9	.5	4.3	14	14	15	16	
Wheat .....	Pound	---	---	---	---	---	---	11	11	12	13	
Bread, whole or cracked wheat .....	Pound	27.6	27.5	26.4	---	.4	4.5	10	10	11	--	
Cookies, sandwich .....	Pound	45.4	45.6	46.0	---	-.4	-1.3	9	9	9	--	
Corn flakes .....	12 ounces	29.0	29.0	28.9	22.1	0	.3	8	7	8	10	
Flour, white .....	5 pounds	37.8	38.0	37.3	34.5	-.5	1.3	35	34	37	35	
Apples .....	Pound	14.3	13.1	13.0	11.1	9.2	10.0	39	39	3/39	31	
Grapefruit .....	Each	11.2	13.9	10.4	8.0	-19.4	7.7	18	21	25	25	
Lemons .....	Pound	17.8	19.2	18.1	14.2	-7.3	-1.7	34	3/24	3/33	23	
Oranges .....	Dozen	61.2	76.2	66.3	42.8	-19.7	-7.7	26	25	28	35	
Cabbage .....	Pound	9.4	8.2	8.5	6.3	14.6	10.6	28	32	32	28	
Carrots .....	Pound	11.2	10.6	14.6	10.8	5.7	-23.3	32	33	42	26	
Celery .....	Pound	11.8	11.5	12.1	10.9	2.6	-2.5	30	27	31	29	
Cucumbers .....	Pound	22.6	12.8	17.7	---	76.6	27.7	34	3/55	3/46	--	
Lettuce .....	Head	18.2	19.0	17.2	16.6	-4.2	5.8	39	36	36	27	
Onions .....	Pound	10.2	9.8	7.6	6.7	4.1	34.2	22	27	46	34	
Peppers, green .....	Pound	27.9	22.5	27.9	---	24.0	0	37	36	33	--	
Potatoes .....	10 pounds	53.1	53.6	52.1	40.5	-.9	1.9	31	27	24	31	
Tomatoes .....	Pound	26.2	25.4	25.7	19.5	3.1	1.9	38	3/38	40	35	
Peaches, canned .....	No. 2 1/2 can	28.7	28.9	27.7	28.2	-.7	3.6	17	17	19	18	
Pears, canned .....	No. 2 1/2 can	40.8	41.9	37.8	---	-2.6	7.9	20	20	30	--	
Beets, canned .....	No. 303 can	16.8	16.8	16.7	---	0	.6	8	3/8	7	--	
Corn, canned .....	No. 303 can	21.0	21.3	21.1	15.4	-1.4	-.5	12	12	12	13	
Peas, canned .....	No. 303 can	20.9	21.0	21.2	17.9	-.5	-1.4	15	15	15	15	
Tomatoes, canned .....	No. 303 can	16.0	16.3	16.5	13.3	-1.8	-3.0	19	18	19	15	
Orange juice, concentrate, frozen	6-ounce can	13.3	12.8	13.2	15.2	3.9	.8	43	43	34	35	
French fried potatoes, frozen ....	9 ounces	13.0	13.3	13.2	---	-2.3	-1.5	18	15	13	--	
Peas, frozen .....	10 ounces	17.4	17.0	17.0	16.7	2.4	2.4	17	17	18	16	
Beans, navy .....	Pound	11.0	12.0	10.8	9.4	-8.3	1.9	44	40	44	42	
Margarine .....	Pound	20.5	21.4	20.7	19.6	-4.2	-1.0	26	23	3/27	28	
Peanut butter .....	12-ounce jar	29.7	28.7	28.7	27.3	3.5	3.5	35	36	34	34	
Salad or cooking oil .....	24-ounce bottle	40.2	41.1	40.1	---	-2.2	.2	23	3/21	3/24	--	
Vegetable shortening .....	3 pounds	57.1	60.6	57.9	62.2	-5.8	-1.4	31	27	31	31	
Sugar .....	5 pounds	35.4	36.0	36.1	34.3	-1.7	-1.9	42	41	3/41	37	
Spaghetti with sauce, canned .....	15 1/2-ounce can	15.1	14.9	14.5	---	1.3	4.1	12	12	13	--	

1/ Product groups include more items than those listed in this table. For example, in addition to the products listed--Choice beef, lamb, and pork (major products except lard)--the meat products group includes lower grades of beef, the minor edible pork products, and veal.

2/ The farm-retail spread is the difference between the retail cost and the net farm value shown in table on opposite page.

3/ Most farm-retail spread figures for October-December 1968 and January-March 1968 have been revised; figures in other columns revised as indicated.

4/ Less than 0.05 percent.

5/ For the bakery products group and the individual wheat products, the farmer's share is based on the market price of wheat received by farmers plus the cost of the marketing certificate to millers. This cost is returned to farmers complying with the Wheat Program.

Table 12.--Farm food products: Retail cost, farm value of equivalent quantities sold by producers, byproduct allowance, farm-retail spread, and farmer's share of retail cost, January-March 1969

Product 1/	Farm product equivalent	Retail unit	Retail cost	Gross farm value	Byproduct allowance	Net farm value 2/	Farm-retail spread	Farmer's share
			Dollars	Dollars	Dollars	Dollars	Dollars	Percent
Market basket .....			1,138.08	---	---	452.92	685.16	40
Meat products .....			332.18	---	---	179.65	152.53	54
Dairy products .....			205.54	---	---	98.78	106.76	48
Poultry and eggs .....		Average quantities purchased per urban wage-earner and clerical-worker household in 1960-61	94.06	---	---	54.54	39.52	58
Bakery and cereal products 3/	Farm produce equivalent to products bought per urban wage-earner and clerical-worker household in 1960-61							
All ingredients .....			171.14	---	---	33.11	138.03	19
Grain .....			---	30.10	5.40	24.70	---	14
All fruits and vegetables .....			247.11	---	---	66.96	180.15	27
Fresh fruits and vegetables ....			123.18	---	---	40.94	82.24	33
Fresh fruits .....			48.62	---	---	16.57	32.05	34
Fresh vegetables .....			74.56	---	---	24.37	50.19	33
Processed fruits and vegetables .....			123.93	---	---	26.02	97.91	21
Fats and oils .....			37.75	27.24	16.93	10.31	27.44	27
Miscellaneous products .....			50.30	---	---	9.57	40.73	19
			Cents	Cents	Cents	Cents	Cents	Percent
Beef, Choice grade .....	2.25 lb. Choice grade cattle	Pound	90.0	60.4	5.1	55.3	34.7	61
Lamb, Choice grade .....	2.35 lb. lamb	Pound	96.7	61.8	7.9	53.9	42.8	56
Pork .....	2.00 lb. hogs	Pound	67.7	39.1	4.4	34.7	33.0	51
Butter .....	Cream and whole milk	Pound	84.2	98.3	37.8	60.5	23.7	72
Cheese, American process .....	Milk for American cheese	$\frac{1}{2}$ pound	45.6	21.1	.8	20.3	25.3	45
Ice cream .....	Cream, milk, and sugar	$\frac{1}{2}$ gallon	81.1	---	---	26.6	54.5	33
Milk, evaporated .....	Milk for evaporating	14 $\frac{1}{2}$ -ounce can	17.4	8.6	.2	8.4	9.0	48
Milk, fresh								
Home delivered .....	4.39 lb. Class I milk	$\frac{1}{2}$ gallon	61.5	---	---	27.3	34.2	44
Sold in stores .....	4.39 lb. Class I milk	$\frac{1}{2}$ gallon	54.5	---	---	27.3	27.2	50
Chickens, frying, ready-to-cook ....	1.37 lb. broiler	Pound	40.1	---	---	20.4	19.7	51
Eggs, Grade A large .....	1.03 dozen	Dozen	63.6	---	---	41.5	22.1	65
Bread, white								
All ingredients .....	Wheat and other ingredients	Pound	22.8	---	---	3.2	19.6	14
Wheat .....	.877 lb. wheat	Pound	---	2.9	.4	2.5	---	11
Bread, whole or cracked wheat .....	Wheat and other ingredients	Pound	30.8	---	.2	3.2	27.6	10
Cookies, sandwich .....	Wheat and other ingredients	Pound	49.9	---	---	4.5	45.4	9
Corn flakes .....	2.87 lb. yellow corn	12 ounces	31.4	$\frac{1}{2}$ /5.7	$\frac{1}{2}$ /3.3	$\frac{1}{2}$ /2.4	29.0	8
Flour, white .....	6.8 lb. wheat	5 pounds	57.9	23.1	3.0	20.1	37.8	35
Apples .....	1.04 lb. apples	Pound	23.6	---	---	9.3	14.3	39
Grapefruit .....	1.03 grapefruit	Each	13.7	---	---	2.5	11.2	18
Lemons .....	1.04 lb. lemons	Pound	26.9	---	---	9.1	17.8	34
Oranges .....	1.03 doz. oranges	Dozen	82.9	---	---	21.7	61.2	26
Cabbage .....	1.08 lb. cabbage	Pound	13.0	---	---	3.6	9.4	28
Carrots .....	1.03 lb. carrots	Pound	16.4	---	---	5.2	11.2	32
Celery .....	1.08 lb. celery	Pound	16.8	---	---	5.0	11.8	30
Cucumbers .....	1.09 lb. cucumbers	Pound	34.5	---	---	11.9	22.6	34
Lettuce .....	1.88 lb. lettuce	Head	29.8	---	---	11.6	18.2	39
Onions .....	1.06 lb. onions	Pound	13.0	---	---	2.8	10.2	22
Peppers, green .....	1.09 lb. peppers	Pound	44.6	---	---	16.7	27.9	37
Potatoes .....	10.42 lb. potatoes	10 pounds	76.9	---	---	23.8	53.1	31
Tomatoes .....	1.18 lb. tomatoes	Pound	42.0	---	---	15.8	26.2	38
Peaches, canned .....	1.60 lb. Calif. cling peaches	No. 2 $\frac{1}{2}$ can	34.7	---	---	6.0	28.7	17
Pears, canned .....	1.85 lb. pears for canning	No. 2 $\frac{1}{2}$ can	51.0	---	---	10.2	40.8	20
Beets, canned .....	1.24 lb. beets for canning	No. 303 can	18.2	---	---	1.4	16.8	8
Corn, canned .....	2.495 lb. sweet corn	No. 303 can	24.0	---	---	3.0	21.0	12
Peas, canned .....	.69 lb. peas for canning	No. 303 can	24.7	---	---	3.8	20.9	15
Tomatoes, canned .....	1.84 lb. tomatoes for canning	No. 303 can	19.7	---	---	3.7	16.0	19
Orange juice, concentrate, frozen ..	3.60 lb. oranges	6-ounce can	23.3	---	---	10.0	13.3	43
French fried potatoes, frozen .....	1.38 lb. potatoes	9 ounces	15.9	---	---	2.9	13.0	18
Peas, frozen .....	.70 lb. peas for freezing	10 ounces	21.0	---	---	3.6	17.4	17
Beans, navy .....	1.00 lb. Mich. dry beans	Pound	19.6	---	---	8.6	11.0	44
Margarine .....	Soybeans, cottonseed, and milk	Pound	27.7	19.6	12.4	7.2	20.5	26
Peanut butter .....	1.33 lb. peanuts	12-ounce jar	45.4	---	---	15.7	29.7	35
Salad or cooking oil .....	Soybeans, cottonseed, and corn	24-ounce bottle	52.1	43.9	32.0	11.9	40.2	33
Vegetable shortening .....	Soybeans and cottonseed	3 pounds	82.4	69.8	44.5	25.3	57.1	31
Sugar .....	Sugar beets and cane	5 pounds	61.1	27.4	1.7	5/25.7	5/35.4	5/42
Spaghetti with sauce, canned .....	Wheat, tomatoes, cheese, sugar	15 $\frac{1}{2}$ -ounce can	17.2	---	---	2.1	15.1	12

1/ Product groups include more items than those listed in this table. For example, in addition to the products listed--Choice beef, lamb, and pork (major products except lard)--the meat products group includes lower grades of beef, the minor edible pork products, and veal.

2/ Gross farm value adjusted to exclude imputed values of byproducts obtained in processing.

3/ For the bakery products group and the individual wheat products, gross farm value, byproduct allowance, net farm value, and farmer's share are based on the market price of wheat received by farmers plus the cost of the marketing certificate to millers. This cost is returned to farmers complying with the Wheat Program.

4/ Based on market price of corn received by farmers; no allowance made for price support payment received by farmers who comply with the Federal Feed Grain Program.

5/ Net farm value adjusted for Government payments to producers was 29.5 cents, farm-retail spread adjusted for Government processors tax was 32.7 cents, farmer's share of retail cost based on adjusted farm value was 43 percent.





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